



**STATE BOARD OF EQUALIZATION
STAFF LEGISLATIVE BILL ANALYSIS**

Date Introduced:	02/23/01	Bill No:	AB 1127
Tax:	Property Taxes	Author:	Assembly Revenue and Taxation Committee
Board Position:	Support – Board-sponsored	Related Bills:	SB 1181

BILL SUMMARY

This bill contains Board of Equalization-sponsored property tax technical and housekeeping provisions and would do the following:

- Change the period for measuring inflation increases and clarify that increases are to be compounded annually for the disabled veterans' exemption low-income threshold. (§205.5)
- Require county assessors and auditors to maintain the confidentiality of state assessee information provided by the Board. (§833)
- Eliminate the need to file a declaration of intent to petition for reassessment of private railroad cars. (§§11338 and 11339)

ANALYSIS

**Technical cleanup to the
disabled veterans' exemption annual adjustment**

Revenue and Taxation Code Section 205.5

Current Law

Existing law provides a "disabled veterans' exemption" which applies to the home of a qualified veteran or their surviving unmarried spouse. The basic exemption amount is \$100,000 but a higher "low-income" exemption of \$150,000 is provided to claimants with a household income below a specified threshold level. The basic exemption is provided on a one-time filing basis, while the low-income exemption requires an annual refiling.

Section 205.5 of the Revenue and Taxation Code was amended by Chapter 1086, Stats. 2000 (SB 1362, Poochigian), to increase the income threshold to \$40,000 for the year 2001 and to provide for an annual adjustment in the income threshold level for 2002 and each year thereafter. The annual adjustment is based on the annual percentage change in the California Consumer Price Index (CCPI) for all items from October of the prior fiscal year to October of the current fiscal year.

This staff analysis is provided to address various administrative, cost, revenue and policy issues; it is not to be construed to reflect or suggest the Board's formal position.

Comments

The following two cleanup provisions have been identified related to the annual adjustment of the income threshold.

Measurement Period. The income threshold will vary from year to year and more disabled veterans may be able to qualify for the higher exemption amount of \$150,000 which requires annual, rather than one-time, filing. Disabled veterans will need to know the threshold level to determine whether they qualify early enough to submit a timely claim to obtain the \$150,000 exemption (rather than \$100,000 exemption). In order to timely determine, publicize, and prepare new claim forms with the income threshold for each year, the measurement period requires adjustment. The CCPI measurement period established for use in the disabled veterans' exemption, October to October, is the same period used for purposes of applying the Proposition 13 inflation factor to property assessed values. While this time period works well for Proposition 13 purposes, it is too late for purposes of the disabled veterans' exemption. The October figures are released on the first of December, which would be six months after the date the Board must revise the claim forms and provide copies to assessors for printing and mailing to taxpayers in preparation for the upcoming tax year. The CCPI figures are released for the months of February, April, June, August, October, and December (each figure is available about four weeks after the end of the month).

To correct this timing problem, this bill would change the measurement period to February to February of the two prior assessment years. For example, forms prepared in March 2002 for the 2003 lien date would reflect the CCPI change from February 2001 to February 2002.

Compounding Inflation Factor. As currently drafted, there could be some question as to whether the inflation factor should be compounded annually. Without compounding, the income threshold would fluctuate up and down from year to year with \$40,000 as the base figure of comparison for every year. For instance, in one year the income threshold could be \$45,000 and the following year the income threshold could drop to \$41,000.

This bill would clarify that the inflation adjustments are to be compounded *annually* to ensure that the threshold will increase each year.

Clarify that county assessors and auditors must maintain the confidentiality of state assessee information provided by the Board

Revenue and Taxation Code Section 833

Current Law

Existing law provides that all information from a state assessee that is required by the Board or furnished in the property statement is confidential. Additionally, other types of information and records in the Board's possession related to state assessees are not a public record and are not open to public inspection, if it is not required to be kept or prepared by the Board.

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Existing law also permits, and in certain instances requires, that otherwise confidential information concerning state assessees be disclosed to specified county officials. Specifically, the Board may voluntarily provide any assessment data in its possession to the assessor of any county. The Board must permit the examination of any and all Board records by the assessor or auditor when a county board of supervisors adopts a resolution requesting that the assessor or auditor or any duly authorized deputy or employee of that officer obtain such access.

Comment

While existing law expressly states that the Board itself must hold state assessee information secret, it is silent as to whether an assessor or auditor that acquires that same confidential information from the Board must also protect its confidentiality. The Board's legal staff has opined that county assessors and auditors are bound by the same duty to protect confidential state assessee information as the Board. However, there is no statute or direct case authority which states this explicitly.

This bill would make an express declaration that an assessor or auditor or any duly authorized deputy or employee of that officer obtaining confidential information, records, and appraisal data from the Board pursuant to Section 833 shall hold that information secret.

Eliminate the filing of a declaration of intent to petition for reassessment of private railroad cars

Revenue and Taxation Code Sections 11338 and 11339

Current Law

Under current law, there is a two step process to file an appeal of a private railroad car assessment with the Board of Equalization. The first step is to file a "declaration of intent" to appeal, which is due on or before August 21. The second step is to file the actual appeal, which is due on or before September 20. Similar provisions exist for assessments that are made outside the regular assessment period, except that the "declaration of intent" must be filed within 20 days of receiving the assessment notice and the appeal must be filed within 30 days thereafter.

Comment

This bill would eliminate the unnecessary first step of filing an "intent to appeal" and instead simply require that, with respect to assessments made for the regular assessment period, an appeal be filed by September 20, and with respect to assessments made outside the regular assessment period, an appeal be filed within 50 days of the assessment notice. These changes would simplify the appeals process for Private Railroad Car Taxpayers as well as conform to similar streamlining measures made last year for state assessees, which were contained in Senate Bill 2170 (Ch. 647. 2000, SR&T) and sponsored by the Board. Additionally, this bill would give Private Railroad Car Taxpayers more time to decide if they want to file an appeal since they

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need not take action until September 20 to initiate their right to appeal, rather than the earlier date of August 21.

COST ESTIMATE

Any Board costs associated with this bill would be absorbable.

REVENUE ESTIMATE

The proposed changes in this bill would not impact the state's revenues.

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